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Poverty and Other Factors Affecting the Location of Nonprofit Human Service Organizations

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Abstract The argument that the location of human services responds to the geography of poverty is strongly disputed. Other factors play a major role in determining service locations besides poverty and service needs, including zoning, social capital, and agglomeration economies. I explore the spatial relationship of nonprofit organizational locations and poverty in the Los Angeles county, and find a complex association, as well as gaps in services in high poverty areas. My findings contradict the poverty hypothesis and emphasize the importance of agglomeration effects instead. Implications for service planning and accessibility for policy makers and service funders are discussed.

Keywords Poverty, Organizational Location, Nonprofit Organizations, Human Services

Précis

This study looks into the factors affecting the location of nonprofit human service organizations (NHSO), using data from a comprehensive survey of such organizations in Los Angeles County. It is mainly concerned with the role of poverty in affecting where nonprofit human service organizations are located, and its relative impact among other factors including resource availability and agglomeration. This paper adds to the literature on the geography of the nonprofit sector, and to our understanding of supply and demand factors shaping the configuration of the nonprofit sector in metropolitan areas in the US.

NHSO and Poverty

The literature of nonprofit organizations often refers to the role that they play in providing human services to alleviate poverty. According to Salamon (1999) it is a persistent myth that should be eradicated, since it overburdens nonprofits with unrealistic expectations, and releases government from its social responsibilities. Townsend, Porter and Mawdsley (2002) extend this critique of the detachment between nonprofits and the poor to the international context, in a study of development nongovernmental organizations in Ghana, India, Mexico and Europe. They found that the knowledge economy of development NGOs is largely donor-controlled and generally top-down, and, almost invariably governance and accountability turned out to be a greater priority than seeking the most effective poverty reduction strategy.

Recent policies and changes in welfare funding in the US made this role of the nonprofit sector more urgent, but at the same time more difficult to achieve. Welfare reform's impact on nonprofit service providers shifted more responsibilities to nonprofits, and created more demand for their services due to decreased public services despite growth in poverty (Ellwood & Boyd 2000). Twombly (2001) analyzed longitudinal data on births and deaths of nonprofits in the US, using IRS data, and shows that welfare reform and increased government support encouraged the growth of human service nonprofits, and Abramowitz (2002) showed that welfare reform has increased dramatically their workload, while decreasing government reimbursement for services and shrinking contracts. A survey of human service nonprofits in Los Angeles found that these NHSOs are struggling with increased demand and decreased resources (Anheier et al., 2004).

There is also mixed evidence whether nonprofits serve to the poor. Clotfelter (1992) suggests that the redistributive impacts of the nonprofit sector are minimal, and that nonprofits do not prefer the poor, if not the opposite. Although NHSOs are more oriented towards the poor than are other types of agencies, they still serve mostly middle and upper class clients and more than half of them serve few or no poor at all (Salamon, 1992). In later work, Salamon (1993) reveals a trend he names "the marketization of welfare" (p. 17), which is shifting the balance of services towards those who can pay, and consequently decreasing access to care on part of the disadvantaged. Six years later, the entry of business firms into social services further geared services towards middle class patrons in "a focus that

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extends well beyond the poor and the disadvantaged" (Salamon, 1999, p. 14). At the country and metropolitan levels, Corbin's (1999) analysis of 285 US metropolitan statistical areas (MSAs) reveals a weak relationship between poverty and nonprofits where metropolitan areas with higher level of poverty will tend to have less extensive nonprofit sectors. Bielfeld's (2000) analysis of nine metropolitan too found a negative relationship between poverty and scope and financial viability of the nonprofit sector: Central City Poverty was negatively correlated with the percentage of human service providers and the percentage of gifts/grants to human services. In Grønbjerg and Paarlberg's (2001) analysis of Indiana counties poverty proved obstructive to the presence of all types of nonprofits, even advocacy ones that are allegedly supposed to promote the interests of the disadvantaged.

Understanding Organizational Location

Organizational location matters. It affects organizations' access to resources and their interactions with other organizations; it affects different costs and has a bearing on the stock of employees available to the organizations. While a body of theory concerns the location of industrial organizations, no parallel location theory has been developed for nonprofit organizations.

Industrial Location Theory

Two theories dominate the discussion on industrial location: Weber's (1929) *Least Cost* and Lösch's (1954) *Greatest Profit theories.*

Weber postulates that resources are not evenly distributed, and that some of them are ubiquitous while others are localized. Labor too is assumed to be unevenly distributed, and limited in mobility. As well, transportation costs increase with distance from places where needed resources are concentrated. Finally, Weber introduces the agglomeration factor, which he attributes to the nature of production; primarily to the need for multiple inputs in the production of modern goods (e.g. cars require engines, tires, windshields, etc.). Agglomeration is attributable also to social and political factors, such as taxation, prestige and any other factors that make the cost of locating at a particular location smaller (Miller, 1970). According to the Least Cost theory, producers are rational actors that will locate their organization in the optimal location when transport costs, labor costs and agglomeration factors are taken into account. Transportation costs are calculated with respect to the location of needed resources and the location of the market for the organizations' products. Given an optimal location in terms of transportation costs, an organization will prefer to locate where the labor market can offer the type of employees it needs at the lowest cost possible. Since this location will be in many cases different from the optimal transportation site, Weber proposes a trade-off between the optimal location based on transportation costs and labor considerations. To this trade-off entrepreneurs need to add considerations of agglomeration factors, including complementing products, lower taxes or the prestige of sites.

While in Weber's theory the location decision rests primarily on factors that affect the costs of production, Lösch's (1954) Greatest Profit theory takes into account objective and subjective factors that affect the location decision, so two entrepreneurs may make different location decisions. In addition to that, considering all factors affecting profitability is impossible, and locational decisions are approximations whose value is only known after the fact (Miller, 1970). The goal of the producer is to find the market area of greatest nominal profit, and obtain a monopoly position in this market. The size of the market will be determined by considerations of labor and transportation costs, similar to those suggested by Weber. However, these factors are considered only when they are particularly irregular, such as desirable employees that won't commute, or very rare and localized goods. Thus once restrictive cost factors are out of the way, location will be determined by the location of the best market – this can be due to market size or due to better pricing opportunities – less competition or clients with more purchasing power. And so demand factors become of great import, such as population density, purchasing power (or wealth) and demand for products or services.

The Location of Nonprofit Organizations

Recent scholarship studies the location of nonprofits in the analysis of different aspects of their economic and social activity. Wolpert (1993) suggests that since nonprofits are very much community based and locally operated (see also Bielefeld and Murdoch 1997), locational constraints (e.g., neighborhood attachments, service specialization targeting declining communities, etc.) on nonprofits are important to nonprofit organizations at least as much as to for-profit firms or even more. Location is a crucial decision for a nonprofit that has substantive consequences for nonprofits, such as influence on an organization's access to (Bielefeld and Murdoch, 2004). In addition, location has symbolic consequences, and an organization will accrue the prestige, or lack thereof, of its location. Additionally, the degree of competition from other organizations in the area is affected by an organization's location.

Effect of Resource Locations

Resources particularly crucial for nonprofit organizations are not evenly distributed. Donations of money and time are a locally constrained resource, and local organizations are given preferential treatment (Wolpert, 1993). According to his findings, persons prefer to volunteer in organizations in their own neighborhood, and donations are usually solicited and given locally. Bielefeld, Murdoch and Wadde (1997) found that the effect of a neighborhood's resources decays rapidly with distance from the service provider's location and tends to be stronger within a one-mile radius, suggesting the important role of community-based needs and resources

(Bielefeld, Murdoch & Waddel, 1997). Another important resource is social capital. The ability of residents to organize and establish local nonprofit organizations to address their own service needs requires high stocks of social trust and social capital (Putnam, 2000). Social capital tends to be lacking in areas where poverty, low levels of educational attainment and high rates of minorities coincide. Grønbjerg and Paarlberg (2001) argue that poverty and the low education associated with poverty are detrimental to participation in nonprofit organizations. According to Stoll (2000) neighborhood disadvantage places barriers on the ability of residents to establish and maintain their own organizations, due to a lack of relevant knowledge and resources and the general social disorganization characteristic of poor communities. The strong and negative correlation between poverty and participation and the resulting limited opportunities to participate it generates are a cycle that limits the chances of self-organization and limits the available volunteer workforce in poor neighborhoods. This conclusion is given empirical support in other studies as well (Anheier et al 2003).

Other factors affect location of NHSO. Takahashi and Dear (1997) found that human service organizations are more prevalent in middle-class than in upper-class or lower-class neighborhoods, where the residents were more open to hosting human service facilities than do richer communities that are more prone to 'not in my own backyard' (NIMBY) syndrome. Wolch and Geiger (1983) found that social welfare and community service agencies locate more often in middle-class suburbs that have relatively high service needs, and they enjoy substantially higher levels of governmental support. There is more evidence that nonprofits tend to serve the poor if there is public funding to support it (Salkever & Frank, 1992; Wolch and Geiger 1983). This is evident in Grønbjerg and Paarelberg's (2001) findings, which show that the number of nonprofits per capita increases with both the level of federal and local government funding in communities.

Effect of Market Conditions

Nonprofit markets too are usually spatially constrained, and service users tend to prefer services that are in closer proximity to them. What's more, the constituencies that nonprofits are established to serve are often very specific, both socially and geographically (Bielefeld & Murdoch 2004). According to Wolch (1981), low-income clients are dependent on place-specific services, since they are transportation disadvantaged, and therefore locating a service, however good or comprehensive it may be, beyond a small distance from the location of demand, is equal to not providing that service at all. Hence, clients' use of services tends to demonstrate distance decay effects (Eyles 1990), meaning that the further clients are from a service, they are less likely to use it, even if they need to, such as was shown by Cromley and McLafferty (2002) with respect to hospitals. NHSO that serve the poor, especially in segregated cities where the poor are spatially concentrated in limited areas, are highly dependent on limited public transit (Giuliano, Hsi-Hwa & Lee, 2001). High poverty areas are also where residents are most highly dependent on public transit, due to absence of cars, high shares of children and elderly, and high prevalence of people with disabilities. Often, paradoxically, transit dependent populations refrain from using transit (Giuliano, Hu & Lee 2001), which means that they will prefer to avoid making any trips beyond walking distance, especially if such trips involve transferring from one bus line to another.

Hasenfeld and his associates (2003) demonstrate that there is a complex relationship between the location of NHSO and poverty, which is mediated to an extent by land use. While in general most high poverty areas were also service-poor, and rich areas had an abundance of services, there were many NHSO in central business areas that were also characterized by high poverty areas. Wolpert and Seley (2004) found similar patterns in New York City where they found an extreme concentration of NHSO in downtown Manhattan, which is an important business center, but not a center of need for human services. Lee, Walsh and Walsh (1999) found that NHSO are only more frequent in poor neigborhoods when the numbers of poor residents aren't added to to the equation. Similar conclusions were reported by Joassart-Marcelli and Wolch (2003) in Southern California, where they argue that the number of human service nonprofits and their level of expenditure are higher in poorer cities, but due to the high class segregation in the region, and the resulting high concentrations of poverty in the poorer cities, this favorable situation is insufficient to guarantee equal services to poor persons in the poorest cities when compared with wealthier cities. These studies indicate that market demand factors are less influential in NHSO location decisions.

Agglomeration Effects

Agglomeration provides multiple benefits to nonprofit organizations (Bielfeld and Murdoch, 2004), such as (a) shared infrastructure to reduce costs; (b) access to a pool of labor, volunteers or specialized inputs; (c) knowledge spillovers between organizations as a result of contacts between firms and people; (d) information about demand or the feasibility of production obtained by observing others at a location; and (e) a reduction of consumer search costs through for example client reference benefits, such as those obtained by rehabilitation services located near a big hospital. Agglomeration also provides benefits to clients, who can receive various services in one location, thus reducing their own transportation costs and thus can potentially extend the market area for agglomerated organizations. Conversely, agglomeration increases the problem of service accessibility, simply because it reduces the number of service locations. This is especially problematic for clients in underserved areas, who seldom are easily mobile.

White (1979) argues that true understanding of the spatial

configuration of human service facilities and access to services must take these clustering and co-locational patterns into account. He mapped health and social welfare facilities in metropolitan areas in the US and found that organizations in his maps display a strong pattern of clustering beyond the impact of local needs and demand. Particularly, he found clustering of health and mental health services around hospitals. Wolpert and Seley (2004) found evidence of agglomeration among New York nonprofits. Clusters of nonprofits located in central business areas such as lower Manhattan. Similar agglomeration patterns were found in smaller scale studies in Dallas County, TX, and in New York City (Bielfeld and Murdoch, 1997; 2004).

Summary and Research Questions

The literature discussed above provides some indications, that production, market or agglomeration factors are related to NHSO locations, but the research to date has been predominantly exploratory, and failed to juxtapose different factors through methodologies that would allow weighting the impact of each factor. Also, since in research conducted thus far the unit of analysis is predominantly cities or counties, they can't do justice to the enormous heterogeneity within cities. Many studies rely on IRS data, and cannot consider the huge variance in service outputs between NHSO. My study addresses these issues through an analysis of the location of NHSO in Los Angeles County at the census-tract level, using detailed organizational data on services and clients, in the context of market, production and agglomeration factors and poverty measures.

Specifically, I wish to answer the following questions:

- What is the correspondence of the spatial configuration of human service nonprofits in L.A. County to the spread of poverty? In other words: are human service nonprofits located where the need for their services is most dire?
- What other factors explain the location of NHSO? Particularly, can we explain nonprofit locations by resource factors such as levels of social capital and access to public transit; by production factors such as poverty and population density; or by agglomeration effects such as land use and organizational density? Which of these factors explains locations better when keeping all other factors constant?

Methods

The analysis starts with Exploratory Spatial Data Analysis (ESDA) (Anselin, 1999) of locations of the organizations included in a comprehensive survey of Los Angeles NHSO (Hasenfeld et al, 2003), followed by a multiple regression analysis with spatial, demographic and socio-economic variables to assess the factors hypothesized to affect nonprofit locations.

Data Sources. - The geographic information system (GIS) for this study incorporates data from five sources: The Los Angeles NHSO survey, Los Angeles County Metropolitan Transit Authority maps, Southern California Association of Governments (SCAG) land use map, Los Angeles data from the Community Social Capital Benchmark Study, and the US 2000 decennial census.

1. The Los Angeles NHSO Survey: The UCLA Center for Civil Society Los Angeles NHSO survey was a telephone survey with the CEOs of a representative sample of NHSO (see appendix for a detailed definition). The sample (N=707, response rate of 53%) was drawn at random from the universe of nonprofit human service organizations in the summer of 2002, stratified by size and geographically to prevent spatial bias stratified. The county was divided by zip codes into 4 areas and sampling represenedt the relative number of organizations in each area (correlation of sample with total of NHSO per zip code was $r=.89$, $p<0.01$). Sample organizations were geo-coded and plotted over a map of census tracts for Los Angeles County. A kernel density map was calculated from the plotted organizations, using a 1 mile search radius (following Bielefeld, Murdoch & Waddel, 1997) and weighting organizations by the number of clients they serve. An average organizational density score was subsequently assigned to each census tract. In addition to that, the distance in miles to the nearest organization was calculated for each census tract.

2. Los Angeles County Metropolitan Transit Authority Bus Stops and Bus Lines Maps: The bus lines and bus stops map layers were used to create an access to public transit dummy variable based on the transit behavior of low income households in L.A. (Giuliano, Hu & Lee 2001), defined as ½ mile from bus stops of lines that go directly to the area with the highest density of nonprofit human service organizations.

3. Southern California Association of Governments (SCAG) Land Use Map: Land use data from SCAG was used to calculate percentage of residential land use per census tract.

4. Social Capital Community Benchmark Study: The Social Capital Community Benchmark Study, conducted by the Saguaro Seminar at Harvard University, is a national survey of social capital plus separate samples in 41 communities across the US. The local partner in L.A., the California Community Foundation, surveyed 515 individuals (a 39.1% adjusted cooperation rate), evenly distributed geographically across the county, but were not weighted by population density (Brown & Ferris, 2001). I geo-coded the respondents (data used by permission) and extrapolated a social capital map for L.A. County from their social capital index scores (combining respondents' number of community involvements and level of generalized social trust) using krigging (a probability based technique for estimating a regional variable from sample points). An average social capital index score was subsequently assigned to each census tract.

5. US 2000 population census: Population density per square mile and census tract poverty rates were calculated from Census Bureau's 2000 decennial census summary tape files.

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Analysis

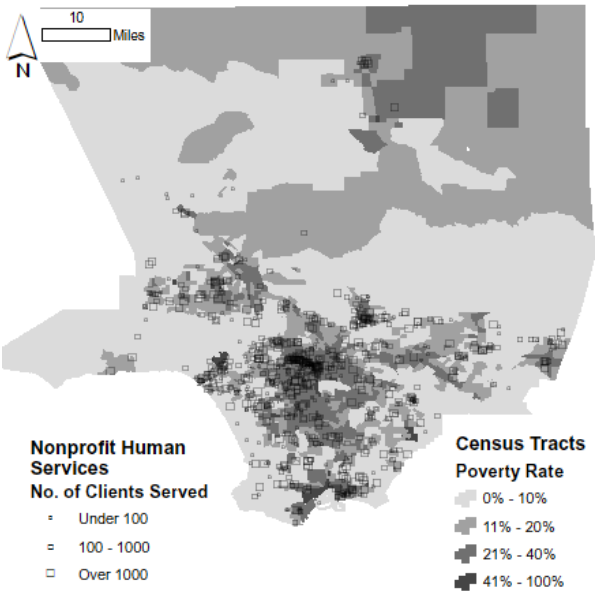
1. Exploratory analysis: Maps of organizational locations and poverty rates by census tracts were overlaid to estimate the spatial coincidence of organizations and poverty. Moran's I index of autocorrelation was calculated for both poverty and organizations.

2. Regression model: An ordinary least square linear regression model was evaluated. The unit of analysis was census tracts (N=2058), with distance to nearest nonprofit human service organizations as the dependent variable. Independent variables included social capital index (tract average), poverty rate, transit access (dummy variable), percent residential land use per tract, tract average organizational density and population density (per square mile). The last two variables were modified with a base-10 log transformation, to normalize a distributional skew that characterizes them. The residuals of the regression were mapped and tested for autocorrelation, to verify the quality of the regression predictions (as suggested by Getis, 1999: 241, significant spatial autocorrelation of regression residuals will indicate that the regression model is not properly specified).

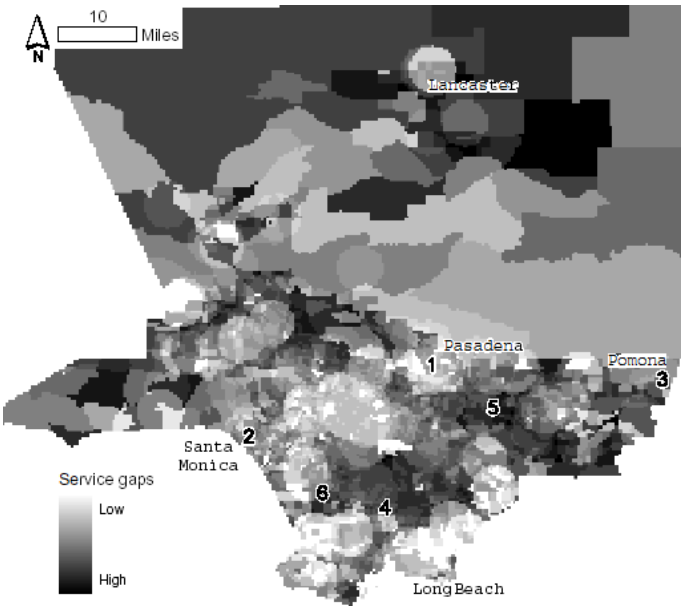
Findings

The exploratory analysis reveals a complex relationship between the locations of high poverty in L.A. County and those of NHSO. Map 1 shows that there is only partial correspondence between the two phenomena. Organizations seems to be clustered (Moran's I index of spatial autocorrelation revealed high clustering, significant at $p<0.01$). The highest concentration of NHSO is in the main business area that stretches westwards from Downtown L.A. through the Wilshire Corridor to Santa Monica and in Pasadena. Secondary concentrations are located in Central San Fernando Valley, and in Long Beach. It is also clear from the map that there are certain areas where nonprofit human service organizations are scarce or even non-existent. These include large areas in South, Central and East L.A.

Poverty too is well concentrated in the county (again, Moran's I index of autocorrelation indicated high clustering of high poverty tracts, significant at $p<.01$). Juxtaposing the two variables in one map we see that while the major cluster of organizations in the Downtown/Wilshire area is located in a relatively high poverty area, there are many nonprofits in relative affluent areas as well, particularly in the West Side. The distributions of poverty and organizational location are considerably different, organizational density tends to be lower than the corresponding poverty rates, and poverty fails to explain the locations of nonprofit human service organizations. The weak correspondence between poverty and organizational location results in gaps in spread of NHSO compared to the location of poverty-related needs. Map 2 exhibits these gaps. This map is the result of overlaying a map of counts of persons in poverty per tract over a map of organizational density where each organization was weighted according to the number of clients it serves..



Map 1. Nonprofit human service organizations and poverty in L.A.



Map 2. Gaps in service coverage

In this map, darker areas symbolize a substantial gap between demand and supply of NHSO. We can see that even when need for services is taken into consideration, the distribution of NHSO in the county is far from equitable. In some areas local supply exceeds local needs, while in others local supply fails to meet the need for services. The predominantly middle-class west side, the South Bay area, Pasadena and its adjacent towns, and the western part of the San Fernando Valley appear to have good coverage. However, South and East L.A. appear as highly underserved areas, and in San Pedro, and also in parts of San Fernando Valley and the Foothills (Sylmar and San Fernando) demand for NHSO exceeds supply.

The gaps between needs and services in selected poor areas, as well as the over-supply in selected well-off communities, are also shown in table 1. In some areas the ratio between organizations and the poor is certainly not encouraging, such as in Compton, El Monte, and Hawthorne (serial numbers in table 2 correspond to the numbers located in map 2). To illustrate, in El Monte there are over 2,800 persons in poverty per each organization. Considering that each organization in El Monte serves on average a bit over 1,300 clients, and that not all of their clients are poor, it leaves thousands of underserved poor in this city. In contrast, in Santa Monica there are 145 persons in poverty per each organization.

The OLS regression model confirms the weak correspondence between poverty and organizational location, and offers other factors that better explain the location of nonprofit human service organizations in the county (Table 2). The model explains 33% of the variance in the dependent variable, distance to nearest nonprofit human service organization (the model is statistically significant at $p<.01$). Poverty rate is not a significant predictor, and neither is the rate of residential land use, indicating that the residential or commercial nature of the tract has little bearing on whether such organizations will locate in or near it. Access to public transit is only nearly significant (at $p=.07$), indicating that public transit is not very influential either. Three independent variables turned out to be significant predictors of organizational location: social capital, organizational density and population density.

The regression residuals were mapped and the Moran's I autocorrelation index calculated for them shows no significant clustering, indicating that the regression model is not misspecified..

Table 1. Organizations and persons in poverty in selected L.A. County cities

	City	Organizations*	Persons in poverty	Poor per organization
1	Pasadena	137	18,686	136
2	Santa Monica	45	6575	145
3	Claremont	11	776	70
4	Compton	11	14185	1239
5	El Monte	7	19538	2836
6	Hawthorne	2	5349	2247

Note. --- Serial numbers indicate location in map 2

* Inflated to organizational population using sampling weights

Table 2. Regression results

R^2	0.331	Adjusted R^2	0.329

	Sum of Squares	df	Mean Square	F	Sig.
Regression	30.878	6	5.146	118.866	0.00
Residual	62.302	1,439	0.043		
Total	93.180	1,445			

	B	Std. Error	Beta	t	Sig.
(Constant)	0.656	0.056		11.689	0.00
Social Capital Index	-0.024	0.006	-0.091	-3.969	0.00
Poverty Rate	0.018	0.054	0.009	0.327	0.74
Transit Access (dummy)	-0.023	0.013	-0.041	-1.828	0.07
% Residential Land Use	0.027	0.031	0.025	0.866	0.39
Organizational Density (Logged)	-0.122	0.005	-0.600	-25.536	0.00
Population Density (Logged)	0.084	0.019	0.146	4.544	0.00

Discussion

The popular perception that nonprofit organizations are a remedy to poverty and the social problems it brings, however appealing it may be, is not supported by my results. My findings show that poverty is not a significant factor in determining the location of nonprofit human service organizations in my sample. In fact, the location of nonprofit organizations in Los Angeles County, when compared to the spatial distribution of poverty in the county, leaves much to be desired. There are considerable gaps in the coverage of NHSO in the county, and some areas that demonstrate high levels of poverty do not have corresponding NHSO to address the need for services in these areas. The dispersion of nonprofit human service provision in the county is far from equitable, resulting in well to do areas that enjoy a generous supply of NHSO. In other areas where needs are higher coverage is not that good. In particular, the densely populated areas in south-central Los Angeles and East Los Angeles experience a substantial gap in services. These are the areas with the most concentrated poverty, where the majority of residents are poor and most of the others are just barely above the poverty line. In the context of the expectation that NHSO will supplement the services cut from the publicly provided safety net, and help alleviate poverty, this finding is troubling. It is particularly problematic in light of the research that points to the limited mobility of the poor in L.A. and to the spatial dependence on local services that they demonstrate. In the sprawling and highly segregated metropolis of Los Angeles, with its notoriously insufficient public transit system, the ramifications to the services actually available to the poor are considerable. For many it may prove detrimental to their capacity to utilize such services. For a single mother residing in South Central L.A. this will entail multiple, daily lengthy and costly trips on the bus to place the children at day care centers, to go to her professional training center, to pick up her children, and to access complementary service locations to receive assistance in food, psychological care, etc.

The regression analysis takes this conclusion a few steps forward. In this analysis, the first to incorporate multiple potential location factors in a controlled analysis of the locations of nonprofit organizations in urban areas, it turns out that not only poverty, but market factors in general do not have significant influence. Organizations' locations are not influenced by the locations of poverty, and they tend to locate further away from tracts with higher population density, that according to the Greatest Profit theory of organizational location would be attractive to organizations due to the larger market they offer.

The result that organizations prefer areas where other organizations are located and areas with higher social capital supports a conclusion that nonprofit's location decisions are cost based, determined by resource availability considerations and cost reducing agglomeration effects. It turns out that nonprofit organizations providing human services in L.A. prefer to locate in neighborhoods where social trust and social participation are higher, as these neighborhoods offer better availability of volunteers, educated employees, and donations. Which of these (and possibly other resources) are the actual causes of organizations preferring these neighborhoods is a question for further study.

As said, NHSO locate near similar organizations. This factor had the strongest effect on the dependent variable in my analysis. It directly contrasts the assumptions of the market driven Greatest Profits explanation, which assumes that organizations will try to locate so to avoid direct competition. In the case of the nonprofits in my analysis, they seem to seek the proximity of their competitors, or perhaps their collaborators. Indeed, nonprofit human service organizations are becoming aware of the benefits of agglomeration. My data do not tell us what specific agglomeration effects appeal to organizations; this too is subject for further research.

How can we bridge the gaps between where the need for services is located and where the services are provided? Several suggestions come to mind. The first would be promoting community development projects to increase stocks of social capital in poor neighborhoods, so that local activists can establish their own organizations to provide the unaddressed needs of the community. Yet, it is not enough to just establish such organizations – they need ongoing support in terms of funds, training and capacity building. It is the role of umbrella organizations and foundations to assist in capacity building among small grassroots organizations. Umbrella organizations and foundations should look into future collaborations with community organizing groups whose main interest is such social capital and grassroots organization efforts. Albeit, the resources of foundations and nonprofit umbrella groups are extremely limited. To make a real difference, government officials need to be aware of the importance of such projects, and to dedicate the appropriate attention to them in legislation and in budgeting.

Organizations already providing human services in the area should be encouraged to open satellite service locations in poor neighborhoods. This is easier said than done. Human services organizations are extremely cash stripped, and over a third of them are already suffering from financial stress owing to increasing costs (primarily labor costs) and decreasing funds (primarily government funding, see Anheier et al, 2004, Mosley, Maronick and Katz, 2012), and the cost of creating distant branches is great. There is an urgent need to change the funding policies of government to encourage organizations that serve the poor in their communities. Noting the extreme dependence of NHSO in poverty areas on public funds (Hasenfeld et al, 2003), this point can't be exaggerated. Policymakers should consider giving organizations that operate in poor neighborhoods preference in grants, and special tax incentives should be devised to assist such organizations, including encouraging individual and corporate philanthropy to assist them.

Further research is needed to further elucidate the causes of NHSO locations in large cities. I would like to see more in depth research on question left unanswered by my analysis – what are the specific cost and agglomeration effects affecting nonprofits locations. As well, similar studies in other places are most desirable. Los Angeles is considered by many as reflecting the likely future of the major metropolis, a current day model of what large American cities will look like in the future, and a live test lab for postmodern U.S. urbanism (Dear and Flusty, 1998). It will be wise, then, to learn from nonprofits operating in this uncertain and changing environment. Nonetheless, the case of Los Angeles is not necessarily representative of all metropolitan areas—Los Angeles has higher than average ethnic and economic diversity, a large population of immigrants, high levels of ethnic and class segregation and a strong history of public funding of nonprofits providing social services. It also is highly sprawled, relatively sparse and covers an enormous area. Thus, we need to engage also in comparative research looking at the same questions in more metropolitan areas in the US, as well as in rural areas.

This study, of course, is not free of its own faults and limitations. Firstly, the analysis undertaken in this study implicitly assumes that all nonprofits address all people. There is a need to break down nonprofits by their primary target audiences, particularly by class, a variable that wasn't available in the current dataset. In addition, my analysis was limited to looking at the different factors and their relationship to organizational locations, it was not aimed at developing a comprehensive locational decision model, which should be attempted in a future study.

Three methodological limitations should be mentioned. This study focused on NHSO only, and it doesn't portray a full picture of the human service industry in the study area. Future research should incorporate information on public and for-profit human service providers. Second, the geographic data that I had for NHSO contained only the organizations' office locations. While most large service organizations tend to register each branch as a separate organization, and thus those will be included in my study, it is possible that an organization will provide services in locations other than its offices. However, usually the place of the offices and the place of service provision are one and the same, as I in fact found in my own examination of a subset of the organizations in this study. Hence, office location is usually a good approximation of the locus of service provision and a signal of who the organization intends to be accessible to. Finally, our survey included only registered organizations. Thus, small and informal organizations are not counted in this analysis. Nonetheless, since such organizations usually serve very small numbers of clients, and my density measure is calculated using organizations' number of clients, the impact of this limitation on my results should be minute.

Appendix: Defining Human Services

For the purpose of the survey, nonprofit human service organizations were defined as 501(c)3 organizations that offer services that promote individual social and psychological well-being. Strictly medical or educational organizations were excluded.

Organizations categorized as falling in the following codes of the National Taxonomy of Exempt Entities (developed by the National Center for Charitable Statistics at the Urban Institute) were included in the survey.

B Education
B06 Student Services
E Health Care
E08 Patient and Family Support Programs; E12 Rehabilitation Services; E13 Reproductive Health Programs
F Mental Health and Substance Abuse
All sub codes
I Crime and Legal Programs
I01 General/Other; I02 Correctional Systems Programs; I03 Crime Control and Prevention Programs; I04 Crime Victims Programs
J Employment
All sub codes
K Food, Agriculture and Nutrition
K01 General/Other; K03 Food Programs; K04 Hunger Action Programs; K05 Nutrition Programs
L Housing
L01 General/Other; L02 Emergency Shelter Programs; L05 Housing Social Issues; L06 Housing Support Programs
O Youth Development
All sub codes
P Human Services
All sub codes
Q International, Foreign Affairs and National Security
Q06 International Relief Programs
R Civil Rights, Social Action and Advocacy
R01 General/Other; R03 Civil Rights Programs

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